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**Rural Non-Farm Economy**

# **Gender and the Rural Non-Farm Economy in Uganda**

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*The views expressed in this document are solely those of the author  
and not necessarily those of DFID or the World Bank*



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## ACRONYMS

DFID	Department for International Development (British Government)
MFPED	Ministry of Finance, Planning and Economic Development (Government of Uganda)
NGO	Non-Governmental Organisation
PEAP	Poverty Eradication Action Plan
RNFE	Rural Non-Farm Economy
UBoS	Uganda Bureau of Statistics
UNHS	Uganda National Household Survey
UPE	Universal Primary Education
UPPAP	Uganda Participatory Poverty Assessment Process
UWESO	Uganda Women's Efforts to Save Orphans
UWFCT	Uganda Women's Finance Credit and Trust Fund
WB	World Bank

## **1. Introduction**

This review has been conducted as part of a study of the capacity of poor people to access sustainable rural non-farm employment (RNFE) and livelihood opportunities. The purpose of the research, implemented by the Natural Resources Institute of the UK, and funded by the British Government Department for International Development (DFID) in collaboration with the World Bank (WB), is to inform and assist the Government of Uganda, DFID and the WB in formulating pro-poor RNFE policies. The project's two main outputs focus on:

- Understanding the factors that condition access to RNF employment for the poor, and
- Mechanisms for integrating these research results into relevant policy processes.

The rural non-farm economy is diverse. The definition used here excludes primary agriculture, forestry and fisheries, but includes trade and processing of those products, as well as less ambiguous sources of non-food income. Analyses of national survey data in Uganda over the past decade have identified the important role that these varied sources of income play in the rural household economy. However, little is known about how rural dwellers become engaged in these non-farm activities, who can gain access to them, who cannot and why, and which are sustainable and potentially profit making.

Research was conducted in Uganda over the period October 2000- January 2001. Qualitative and quantitative data and information gathered from two districts, Kumi in the East and Rakai in the Central Region have been used to build on the findings of national surveys and relevant Uganda-specific literature. This paper aims to draw out and synthesise findings from the primary and secondary data sources regarding the importance of the non-farm economy differentiated by sex. Beyond simply the disaggregation of findings, the paper aims to investigate the gender implications of differing occupational, income, ownership and opportunity patterns, with a view to highlighting relevant policy implications.

## **2. National context**

The following section outlines the broad trends in poverty, employment, income, and the institutional/policy context.

### **2.1 National poverty trends**

Uganda's National Household Surveys (UNHS) over the past decade identify a dramatic decline in national income poverty levels, with the percentage of households in the lowest income group<sup>1</sup> decreasing from 56 per cent in 1992/93 to 46 per cent in 1996/97 and 28 per cent in 1999/00. Over the past three years (1996/97-1999/00), the percentage of rural households living in income poverty has decreased from 51 to 32% (UBoS, 2001).

Whilst the preliminary results from the 1999/00 survey do not disaggregate income by sex of the household head, analysis of the trend over the period 1992/93-1996/97 revealed that rural poverty declined for female-headed households (from 60% to 53%), although not as substantially as their male counterparts (from 62% to 50%) (Newman and Canagarajah, 1999). Despite this greater decline amongst male-headed households, poverty rates for male- and female-headed households in 1996/97 remain similar<sup>2</sup>. Alongside results from the household surveys conducted in Rakai and Kumi districts in 2000/01 which identify female-headed households distributed across the income spectrum (Zwick, 2001), these national statistics suggest that household headship is not a robust determinant of poverty<sup>3</sup>.

### **2.2 Rural employment and income shifts**

The primary economic activity in Uganda is farming, and women are more active in this occupation than men: 86% of women against 72% of men in 1999/00<sup>4</sup> (UBoS, 2001).

Whilst the majority of farming activities are crop-based, other agricultural activities (including livestock, fishing and poultry) constitute less prevalent but predominantly male occupations; 6.6% of men in comparison with only 0.7% of women in 1999/00.

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<sup>1</sup> Defined as household monthly income of below 50,000 shillings.

<sup>2</sup> The composition of household heads over the past decade has also remained fairly constant, with female-headed households constituting 28% in 1991/92, 26% in 1996/97 and in 1999/00.

<sup>3</sup> As highlighted by Newman and Canagarajah (1999) with specific reference to the Uganda data, but also inferring a similar conclusion from other comparative studies (Lout et al, 1993; Rosenhouse, 1989).

<sup>4</sup> This includes both urban and rural areas (due to a lack of disaggregation in the 1999/00 data) and other agricultural activities (livestock, poultry, fishing, etc.)

Despite farming's dominance, its importance as a primary activity in rural areas has declined slightly for both men and women, from 94% participation by women in 1992/93 to 92% in 1996/97; and from 80% to 75% for men over the same period<sup>5</sup>. Farming as a secondary activity declined significantly more over the same period, from 72% participation by women to 35%, and from 71% to 58% for men. The biggest secondary occupational shifts by women over this period were found in retail trade (from 3-7%), and manufacturing (textiles, wood, leather and handicrafts) from 4-27%. This shift from engagement in agriculture and non-agricultural as secondary activities has been most evident amongst household heads, noticeably amongst female-heads, whose participation in non-agricultural self-employment as a secondary activity increased from 14-38% over the period 1992/93-1996/97 (whereas for men it increased from 16-28%). Data identifying higher earnings in non-farm activities suggest that these female-headed households are gaining increasingly higher incomes (Newman and Canagarajah, 1999).

Aside from female-headed households, women as a whole were identified as less likely to participate in non-farm activities than men. Each of the studies (1992/93, 1996/97, 1999/00) identify women as participating more strongly in agriculture, and data on secondary activities in 1999/00 show women (rural and urban) as predominantly engaged in non-remunerative domestic work (84% participation). Further, men have a considerably higher participation in self-employment as a secondary activity than women (at 22% against 7%) (UBoS, 2001). Thus despite the apparent strength of the position of female-headed households in terms of remunerative employment, women as a whole appear less well positioned<sup>6</sup>.

Earnings for female-headed households over the period 1992/93-1996/97 were substantially lower, and declining in comparison with their male counterparts. The overall difference in earnings widened from 33% in 1992/93 to 47% in 1996/97 (including agriculture, self-employment and wage labour). The increasing gap between male and female earnings was particularly notable in self-employment, increasing to 10% over the period (from differential earnings of 46% in 1992/93 to 56% in 1996/97) suggesting that barriers remain for financially remunerative self-employment (non-agricultural) opportunities for female-heads. It is important to note, however, that data were not available for earnings by women who are not

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<sup>5</sup> Dissaggregated (rural/urban) data are not yet available for 1999/00.

<sup>6</sup> It is important to note at this point that this makes no statement regarding the relative wealth or well-being of women within male-headed households, simply the status of their employment.

household heads, therefore not reflecting the entire picture of male-female income differentials (Newman and Canagarajah, 1999).

In conclusion, the broad trend of primary and secondary rural employment in Uganda shows a modest and gradual shift away from crop-based agriculture, towards farm and non-farm based enterprise activities. This is particularly evident amongst female-heads and men, but not for women in general. Despite increasing diversification, particularly as a secondary activity, income differentials between men and women in the same activity groupings are widening. Thus, whilst income poverty is declining substantially, the implication is that women generally are benefiting less than men.

### **2.3 Female participation in the non-farm sector**

Whilst the main income-generating occupation of women in Uganda is farming, women's participation in non-farm secondary activities is concentrated in two sectors, trade and manufacturing. Within manufacturing, there are two sub-sectors; food and beverages, and cottage industries - including wood, textiles, leather and handicrafts (Newman and Canagarajah, 1999). A study of businesswomen in Kampala (Kwagala, 1999) note that the majority of women specialise in merchandise and services that relate to their gender-prescribed roles in the domestic sphere, including food, childcare and dressing. Likewise, the rural non-farm occupations of women in rural areas are often gender-defined, primarily focusing upon the brewing and sale of alcohol, handicrafts, market trading and the sale of cooked food (UPPAP, 1999, Zwick and Smith, 2001, Smith and Zwick, 2001).

Male non-farm rural occupations, whether primary or secondary, are often differentiated from female occupations. This differentiation is most notable amongst the more profitable occupations, such as commodity trading (e.g. coffee) and administrative or political employment which are dominated by men. This pattern may be explained by women's culturally defined role in agriculture and in the home (both productive and reproductive), but also through unequal access to non-farm occupations, whether as a consequence of male-dominated social networks, education or other determinants of entry into this sector of the economy.

These patterns, though, do not necessarily remain static. Women's increasing participation in the non-farm economy, albeit largely as a secondary activity (Newman and Canagarajah,

1999), can perhaps be traced to the increasing need for currency in a cash-starved rural economy. It has been noted that culturally prescribed roles on the basis of gender can shift when the household is under pressure to bring in sufficient food and income to survive. Conflict, economic hardship and the impact of AIDS have been identified as shifting the burden onto women, with an increase in female-headed households that have in many cases been forced into livelihood diversification.

## **2.4 Institutional and policy context**

Tripp (1998) notes some important institutional changes that have taken place within Ugandan society since 1986, “chang[ing] who gets to participate, when and how” (1998: 120). Amongst these, local women’s associations are noted as challenging local authorities to permit them greater access to resources and community leadership. Between 1986 and 1998, national level associations such as the Uganda Women’s Effort to Save Orphans (UWESO) and the Uganda Women’s Finance Credit and Trust Fund (UWFCT) were established (or re-established) primarily to meet economic needs and fill gaps in public services which local government was unable to finance (Kabukaire, 1992). These national organisations have enabled cash to be channelled, often in the form of rotating funds, through local women’s associations to provide benefits to members in the form of income, services or equipment (with which to generate income). However, in some cases, these associations have met with resistance, either by husbands who did not approve, or by male competitors in a particular niche<sup>7</sup> (Tripp, 1998).

Despite such inevitable conflicts at the local level, the Government of Uganda has committed itself to greater gender equality, with the Poverty Eradication Action Plan (PEAP) identifying poor land rights and scarcity of employment for women as constraints to women’s empowerment (MFPED, 2000) and committing the Government to improving women’s political and economic empowerment. McGee (2000) notes that whilst progress has been made in women’s political empowerment since the initiation of PEAP, there has been little evidence of economic empowerment for women, ‘[in fact] what poverty reduction has occurred recently appears to have further marginalised women rather than benefited them, and they are still effectively denied many economic rights’ (2000: 93). However, improved political rights, as demonstrated by the growth of women’s associations, may be considered as an important first step towards enhanced economic opportunities.

### 3. Local context

The evidence from gender-specific shifts in employment, empowerment and poverty across Uganda over the past decade provides a mixed picture of increasing opportunity for women, but with still a considerable (and in some cases increasing) gap to those of men. This section investigates these trends through drawing on the findings of detailed studies in Rakai and Kumi districts conducted between October 2000 and January 2001 (Smith and Zwick, 2001, Zwick, 2001, Zwick and Smith, 2001). The research utilised both qualitative and quantitative techniques at village, household and individual levels to investigate patterns of employment and economic engagement, disaggregated by wealth and gender.

#### 3.1 Rakai District

##### *Occupation and income characteristics*

Crop farming for consumption and sale is the predominant economic activity of both women and men in the two communities studied<sup>8</sup>, with just under 100% of households surveyed growing crops, and three quarters selling some of their produce for cash or in-kind payment. Almost two-thirds of households are also engaged in some form of non-farm activity.

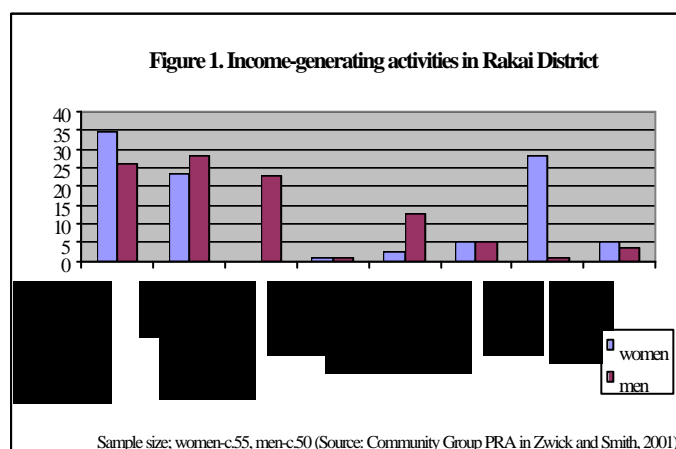


Figure 1. illustrates the breadth of income-generating activities employed by women and men in the communities studied in Rakai<sup>9</sup>. Aside from farm-based sales (crops and animals), non-farm employment is dominated by the trading of agricultural produce by men, and the production and sale of

<sup>7</sup> Tripp (1998) describes the case of the Kiyembe Women's Cooperative Savings and Credit Society, started in 1983 by a group of ten women street vendors, which grew to 107 members with a market of 290 vendors, but faced a 'rebellion' by male vendors who colluded with the District chairman in gaining control of the market.

<sup>8</sup> Byakabanda village has approximately 100 households and is located about 3km south of Rakai Town at a fork in the road. It is primarily an agricultural village, but around the road fork is a small trading centre with about 25 shops and business premises. Byakabanda was selected as having a strong extension presence, proximity to district headquarters, distance to a relatively large trading centre, direct road access, and NGO activity.

Kitambuza village, with roughly 90 households, is a more isolated village located to the north-west of Rakai Town. It is located about 1km from a small trading centre which is on a main N/S road. It is an agricultural village, with a few shops and kiosks, with little community infrastructure and NGO activity. It was selected being a greater distance from the district headquarters, less proximity to a large trading centre and lack of direct road access.

<sup>9</sup> During the PRA exercise with a large self-selected community group, women and men were asked to prioritise the two most important income-generating activities engaged in by community members.



handicrafts by women. Other occupational groupings are fairly spread with more men than women engaged in manufacturing of natural resource and processed material (barkcloth, charcoal, bricks, etc.), whilst a slightly higher percentage of women are engaged in the production and sale of beer, and shopkeeping.

A questionnaire survey conducted with a sample of households from these communities provides greater detail on the non-farm activities employed. These non-farm activities can be categorised both by the sex of those engaged, and by their relative profitability (Table 1). Whilst there are a number of caveats to this analysis<sup>10</sup>, several interesting findings and patterns are evident.

Firstly, women appear to participate in a broader range of non-farm activities than men. An equivalent or greater percentage of women were also active in the medium and high income activity groups, notably female heads of households. The sectors in which women are predominantly participating, food and beverages, and cottage industries are those highlighted as the biggest labour market shifts for women's secondary activities (to farming) nation-wide over the period 1992/93-1996/97 (Newman and Canagarajah, 1999).

**Table 1. Income categories of non-farm income-generating activities in Rakai district**

Profitability Sex/ Activity	Low	Medium	High
Women	Bar work Selling cooked snack foods Basket and mat weaving	Fruit, vegetable & second-hand clothes trading Tailoring & training Hairdressing Brewing Provision of health services	Selling cooked snack foods
Men	Pork butchery Carpentry	Running a restaurant Building	Second-hand clothes trading Building and carpentry
Both	Fish trading		Shopkeeping Salaried employment

Source: Report on Household Interviews (Zwick, 2001)

<sup>1</sup> Mean farm income of households involved in the stated non-farm activities. In this context, farm income is used to mean the monetary value of crops sold, and does not include the value of crops consumed

<sup>10</sup> These data are derived from a survey of 42 households in 2 villages in Rakai District, of which 29 had non-farm income sources. The sample size is small and thus simply indicative of some of the non-farm activities performed and the associated income levels. The activities listed under female and male occupations are not exclusive, it may well be the case in other households that men perform some of the activities listed under the female category above, and vice versa, and indeed these categories vary between the two villages studied. Likewise, the income generated from these activities varied according to scale, and thus the same activity may fall into more than one category.

There are a number of factors that may explain the apparent high level of participation of women in these non-farm activities, and their relative income strength. Income data were collected at the household level, but parallel studies conducted in the communities identified the prevalence and importance of group-based activities. Many of the cottage industries and crafts are performed within formal and informal group structures. Women have been targeted by both NGO and Government development programmes, albeit with mixed success, and encouraged to work in groups. Whilst the household incomes of those within the groups varies considerably (due to household size, crop and livestock based activities and other non-farm enterprises of the individuals), it is plausible that the relative preponderance of female-based enterprise groups in comparison with male-based groups is in part responsible for the wider participation. Where women are involved in higher income activities this may be partly explained by the opportunities in Rakai to work in e.g., extension or NGOs, that have widened women's horizons and improved their capacity to subsequently invest in their own enterprise.

Further, the scale of operation plays an important role in profitability. Sale of cooked food performed with little capital investment, for example, places one person in the lowest income bracket, whilst another performing it on a larger scale falls into the higher income bracket. Capital for investment in these businesses comes both from agriculture, with those households performing the more profitable non-farm activities also having the higher agricultural incomes, and from the profits of other concurrent non-farm activities. Those households in the medium and high-income groups were often identified to be engaged in more than one, often related, non-farm activity. For example, a tailor who had doubled her income by expanding into training others in tailoring skills for a small fee. Whilst many households headed by women, typically widows or divorcees, are generally less able to produce significant quantities of crops for sale than those households with potentially greater access to male labour, these women have often turned to non-farm activities. Through capital creation, whether as a consequence of gifts or loans<sup>11</sup>, inheritance from late husbands<sup>12</sup>, or through the result of specific skills<sup>13</sup> a number of these widows and divorcees have been able to build up several, often inter-related and profitable (in combination) non-farm enterprises (Zwick, 2001).

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<sup>11</sup> The 1999/00 national household survey highlighted the greatest source of differential income between men and women coming from current transfers (remittances and assistance from others), constituting 25% of women's total income against 10% for men (UBoS, 2001)

<sup>12</sup> For example, one woman inherited cash from her late husband who was a fisherman

<sup>13</sup> Such as a woman trained by her mother as a traditional birth attendant.

Nevertheless, the high mean agricultural incomes of those households also engaged in profitable non-farm enterprise does call into question the apparent number or ability of female-headed households situated in this aggregate high income category. It is also important to note that a number of individual and group-based predominantly male-orientated non-farm activities, such as relatively high income coffee trading and salaried work (teachers, Government and NGO extension workers) alongside lower-income activities such as brickmaking were not captured in the household survey sample. Moreover, in view of quite marked differences in activity portfolios between villages, it would be useful to undertake further analysis focusing on the differences between the activities conducted by men and women, within each village. Some of this interesting detail is lost in the aggregation here of the two village-level data sets.

It is therefore difficult to be conclusive about the relative position of male-female non-farm occupation and relative profitability, particularly in the context of national trends that suggest greater male participation (as primary and secondary activities combined) and greater income differentials.

### ***Empowerment and opportunity***

The relative position of women vis-à-vis men within the communities studied provides further mixed evidence of their opportunity to engage in profitable non-farm enterprises.

Reproductive labour demands clearly constrain a women's ability to undertake other activities of all kinds, and concerns about satisfactorily combining child-care and non-farm enterprises were voiced by several women<sup>14</sup>. Further, the burden of child-care is often exacerbated by the high number of orphans and the high incidence of widowhood<sup>15</sup>. In addition to reproductive and domestic labour, women typically undertake more of the farm labour, and women, far more than men, cited lack of time, or tiredness, or overwork as a barrier to starting a new income-generating activity or as a constraint to an existing one. Historically women in the area

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<sup>14</sup> For example, researchers met a woman who trades in dried fish from a stall outside her home on the main road who had simply shut up shop for a few months since the birth of her baby. It may also lead to exclusion by others, for example a nursing mother with a noisy baby was shooed away from a group meeting, although other women with quiet babies were accepted at other meetings.

<sup>15</sup> Thirty-six children under the age of 16 were enumerated in the household interviews. Of these, only four were living with both their mother and father – the rest were living with their widowed (17) or divorced/separated (4) mothers, or with their mother with only occasional visits from their polygamous father (2), or with their widowed grandmothers (5), or with other kin, such as grandparents (1), older siblings (2), or a widowed aunt (1). However, some households (4) include more than one adult woman, and/or are multigenerational.

had no or weak property rights, and although the modern law seeks to correct this, traditions run strong, which is reflected in the perception of women that lack of land or a place to conduct business is an important barrier to them in starting up and continuing farm and non-farm enterprises (Zwick and Smith, 2001).

Married women were also noted as being particularly vulnerable due to their subordination in decision-making regarding co-owned enterprise management or the use of assets. Due to their weaker societal position, it was noted that women often suffer more in economic terms than men from personal “misfortune”, and find it more difficult to recover from setbacks, affecting their abilities to accumulate start-up capital and keep working capital in existing businesses. The difficulties experienced by married women in particular may, in part, explain the apparent relative economic success of some female-headed households (who were without exception unmarried, divorcees or widows). NGO and Government extension workers (female) stated that men in one of the communities do not respond to extension workers, and have not helped the community to develop as they spend little time at home and are “always drinking and playing cards”, and “disorganising” women’s activities, whilst some women were seen to be more progressive and/or innovative. One even went so far as to state that in her opinion, there were widows who were better off than married women, particularly women married to men who drink, as widows have been provided with access to credit and NGO support (Zwick and Smith, 2001). However, this should be qualified by the distribution of female household-heads across all income groups, and the doubts expressed earlier on household headship as a determinant of poverty.

Economic empowerment, or the opportunity to develop farm incomes or diversify into non-farm enterprises relies heavily on either a reasonably profitable farming system, or access to gifts and/or loans from friends and relatives. Profit from agriculture was cited as the main source of income used to start other income-generating activities, followed by gifts and loans. This might be considered to disadvantage female-headed households, who typically have less members in the household, and thus less opportunity for engaging in own-farm and off/non-farm activity. However, the retention of control by women in these households, and their apparent success in several cases, appears to contradict this. Women are the predominant force in agriculture (though men play an important role in the production and marketing of cash crops), and thus it is perhaps the intensity of work by female-headed households engaging in

both farm and non-farm activities concurrently that has enabled them to increase their incomes<sup>16</sup>.

The majority of individuals, both women and men, engaged in non-farm enterprises gained their skills informally, through relatives and friends, and 'on the job'. However, a high proportion of those engaged in certain forms of manufacturing or crafts, such as carpentry, brickmaking, building and tailoring had received some formal training, either through school or an apprenticeship. Whilst these enterprises may require formal training, it is noticeable that these are predominantly male-dominated activities. Whilst not all of these enterprises are bringing in significant levels of income, in fact brewing provides equal or more income to several women than for example, carpentry for the male carpenter, the exposure to formal training, and the relative potential of these occupations are significant. The lack of women engaged in these enterprises may be a reflection of gender-based exclusion, or the scarcity of time due to heavy farm, productive and reproductive commitments.

### **3.2 Kumi District**

#### ***Occupation and income characteristics***

As in Rakai District, crop farming for consumption and sale is the predominant economic activity of both women and men in the two communities studied in Kumi<sup>17</sup>, with 100% of households surveyed growing crops, and just under two-thirds selling some of their produce for cash or in-kind payment. In contrast, the percentage of households engaged in one or more

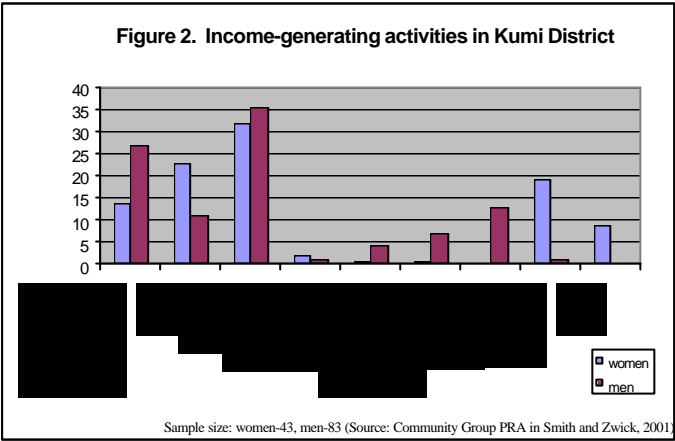
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<sup>16</sup> The data presented here do not differentiate between the activity portfolios of women in male-headed households and women who are household heads. This represents an important area for further analysis because these choices are often quite different and reflect, amongst other things, the need of female household heads to secure cash income for households that cannot rely on male sources of cash income (which are often farming-related).

<sup>17</sup> *Ariet*, with a population of approximately 1,800 (2000), is located north-west of Kumi Town, about 5 km north-east of Mukura Trading Centre. It is primarily an agricultural village, with the majority of households dependant upon crop farming for subsistence, income and paid farm labour. It is located on the shore of Lake Bisina, which provides fishing, and fish-related income opportunities for some. A small trading centre has developed in the village over the past two years, and there are plans to restart a weekly market. The village is reached by a motorable track. It was selected due to its prior selection as a poor community under the Uganda Participatory Poverty Assessment Programme (UPPAP), but also to investigate the effects of the continued threat of cattle raiding, low and unreliable rainfall, lack of direct road access and distance from a relatively large trading centre. *Oladot*, with a population of approximately 1,800 (2000), is located about 25 kms south-west of Kumi Town, and about 3 kms south-west of Mukongoro Trading Centre. The village has a weekly market, a small trading centre, and a primary school, but is primarily an agricultural community. The village is located on the edge of the Teso region, and although was affected by the cattle raids and insurgency during the late 1980s/ early 1990s, is less locationally insecure than Ariet, with somewhat more reliable rainfall, good road access and public transport, and proximity to a relatively large trading centre. Oladot was also selected under the UPPAP.

non-farm economic activity varied considerably between the communities; with 88% participation in one community, and only 17% in the other.

The breadth of engagement in varying forms of economic activity between men and women is indicated in Figure 2., supported by data from the household interviews (Table 2.) suggests that



men are engaged in, or at least prioritise, a wider range of activities than women.

Aside from farm-based income, women are primarily engaged in brewing (beer and spirits), except for a relatively small percentage who are successful traders or owners and

managers of service enterprises, such as bars and restaurants<sup>18</sup>. Men are engaged in a broader range of both lower barrier (potentially lower income), more physically demanding activities, such as the collection and sale of forest products, and higher income gender-prescribed manufacturing activities, such as brickmaking and carpentry which rely on both physical strength and skills acquired through training or passed down informally.

Farm labouring was identified as a very common form of employment (albeit often practised periodically according to opportunity and need) and as a crucial source of cash and in-kind income for poor and medium-income households. These households were defined by an inability to grow their own food due to age, health or landlessness, and those who grow their own crops for consumption, but are unable to grow for sale either due to insufficient land, lack of oxen to plough, or lack of money for inputs. This is a noticeable departure from the findings in Rakai, where farm labouring was not identified as a key economic activity.

<sup>18</sup> These occupations were not prioritised in the PRA that provided the data for Figure 2., but became apparent in the household interviews and small enterprise interviews conducted later in the study.

Table 2 represents the sample of households interviewed in greater detail, categorising non-farm activities by the sex of those engaged, and their relative profitability<sup>19</sup>.

**Table 2. Income categories of non-farm income-generating activities in Kumi district**

Profitability Sex/ Activity	Low	Medium	High
Women	Brewing	Brewing	Fish trading Running a restaurant
Men	Blacksmithing mending fishing nets	Carpentry, running a Bar, selling second- hand clothes	Brickmaking, provision of health services, shopkeeping
Both	Distilling, rope braiding,		

Source: Report on Household Interviews (Zwick, 2001)

<sup>1</sup> Mean farm income of households involved in the stated non-farm activities. In this context, farm income is used to mean the monetary value of crops sold, and does not include the value of crops consumed

As found in Rakai, the scale of the enterprise rather than its nature *per se*, indicates the level of income generated. Thus, for example, brewing provides varying levels of income depending on the scale of production, reflecting the level of capital investment, number of people engaged, and frequency of operation.

Again, women feature significantly in the medium and high-income bracket categories. Brewing is predominantly a female activity, and whilst low income for some, for others is produced at a sufficient level to generate considerable income. Amongst the high-income bracket are a married woman who purchased her own bicycle for her fish trading business and travels to local markets (bringing in by far the largest portion of her household's income) and two of the most profitable businesses, small restaurants, both run by women. Predominantly male activities in the medium and high-income bracket categories include brickmaking (undertaken through groups) and carpentry.

Enterprises or activities falling into the lowest income bracket are performed by both men and women<sup>20</sup> and tend to reflect the ad hoc manner in which these particular households have undertaken them. Either as a consequence of age, ill health, or focusing attention onto other farm-based activities, the capital and time investments in these activities are small, and the returns likewise. Nevertheless, even for those within minimal investment and small returns,

<sup>19</sup> See footnote 10 regarding sampling issues.

<sup>20</sup> Largely old men or women, widows or divorcees; or recent migrants into the community.

the income generated was noted as crucial for the purchase of food and non-food communities, and the utilisation of public services (particularly health and education). Interestingly, the returns from agriculture amongst those households falling into this category are higher than the returns from their non-farm activities, unlike in Rakai District.

### ***Empowerment and opportunity***

In many respects, the circumstances for women in Kumi resemble those in Rakai, with farm-based income generating activities reflecting similar levels of engagement with men, but differentiated in the nature of non-farm employment. However, the importance placed on farm labouring by both men and women implies less concentration on non-farm activities, particularly amongst women who are already the predominant force in own-farm production. Brewing is the major female source of off-farm income, with the benefit being that the working capital for brewing is only tied up for a short period of time (during the short brewing cycle), and are thus relatively easily available when cash is required for other purposes. For example, if a household member falls ill, the profits from a small batch of beer can be used to buy medicine, and/or the working capital used for investment in health care or another needed service/commodity (Zwick, 2001). Aside from brewing, there appear to be a relative small, although potentially influential (unaffiliated) group of women who are successfully engaging in more capital intensive, more profitable predominantly service-based enterprises. As in Rakai, these women have seized an opportunity, against culturally prescribed norms, and worked hard to build up effective businesses or small enterprises. At the other end of the scale, begging was identified as a solely female activity in Kumi, both implying a greater extent of food/ cash insecurity than in Rakai, and the situation of certain (often old and infirm) women as the worst off<sup>21</sup>. These findings were confirmed through the household interviews, with 13% of households receiving assistance from others.

Whilst assistance from friends and relatives to those worst off appears more prevalent in Kumi than Rakai, interesting, the key source of income for initiating farm- and non-farm based enterprise was cited as farm-based (including crop, fish and livestock), rather than through gifts or loans. Similarly, far fewer had received any formal training, with most non-farm enterprise skills passed down 'on the job' or from friends and relatives. These findings reflect the (albeit less stable, but) more agriculturally-based economy of Kumi, with less investment in non-farm

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<sup>21</sup> Although it is important to note that the local words for this activity have no direct counterpart in English. Begging, as used here, carries a notion of entitlement and reciprocity within a community.



activities, and thus less need (and opportunity) for enterprise-related skills. Few gender-defined constraints to engagement in enterprise were cited, although the issue of defaulting on payment for services by men from women, notably beer, was raised frequently.

#### **4. Conclusions and Policy Implications**

Over the past decade, income poverty in Uganda has decreased substantially. Male-headed households have fared better than female-headed households over the period 1992/93-1996/97. Further, earnings for female-headed households were substantially lower, and declining in comparison with their male counterparts over the same period.

Amongst rural dwellers, poverty has decreased fastest for those engaged in non-farm activities. The lowest and the most rapidly declining poverty rates amongst those engaged in non-farm activities have been female-headed households. The presence of female-headed households across the income spectrum suggests that it is the substantial labour market shift amongst women into the non-farm sector (particularly as a secondary activity), that has led to the rapid decline in poverty, rather than the female-headedness *per se*. However, indicative evidence on successful female-headed households has suggested that female-headship, and the consequent control over resources, has played a role in the effective engagement in the non-farm sector, and the subsequent decline in poverty rates.

Whilst the data (national and local level, quantitative and qualitative) support the case that non-farm income is crucial<sup>22</sup>, it is important to recognise that the farm economy remains central to rural livelihoods. The majority of households who have initiated successful non-farm enterprises have used income and/or profits from farming as base capital, suggesting that without a firm basis in the farm economy, effective entry into the non-farm activities is difficult to achieve. This raises an interesting question of how women (particularly female-heads) are increasingly engaging in the non-farm sector alongside agriculture as the basis on which non-farm enterprises are reliant. There are four possible reasons for this. Firstly, in a number of cases, female-heads have gained non-farm enterprise start-up capital not from

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<sup>22</sup> Over the period 1992/93-1996/97, for those citing agriculture as their main occupation, poverty fell by 20%, for those in non-farm, it fell by 31%, for those working exclusively in non-farm, poverty fell by 42%, and for those working exclusively in agriculture, it fell only by 17% (Newman and Canagarajah, 1999). Data from the Rakai and Kumi studies indicate that non-farm income is greater than farm income across all wealth groups, except for the poorest in Kumi (Zwick, 2001).

agriculture, but from gifts, loans or off-farm labouring. This implies that for these households, the farm economy has not provided sufficient income for investment, which have come from these other sources. A second reason relates to the role of women who are neither heads, nor spouses, and whose engagement in agriculture has increased over the past decade (Newman and Canagarajah, 1999). Increased engagement by these women may reflect a labour shift from spouses and female-heads on to these other women, with the former concentrating on non-farm activities. Thirdly, it is possible that spouses and female-heads, in particular, have increased their own burdens through deeper involvement in non-farm activities, while retaining their own-farm work, alongside domestic responsibilities. Fourthly, the centrality of the group approach to a number of predominantly female-run non-farm activities, particularly small-scale manufacturing industries, may have provided sufficient support (through rotating funds) to enable some women to substantially increase their non-farm incomes. Finally, women may be responding to gradually widening market opportunities for goods and services.

Whilst one or more of these reasons may be valid, there is a need for a fuller understanding of the types of non-farm activities and enterprises being practised, and the nature of engagement. Trade and manufacturing are the biggest sectors of engagement amongst women, with the latter representing the largest labour shift over the period 1992/93-1996/97. Within this sector in particular, a number of the activities such as the processing of wood, textiles, leather and handicrafts could be strengthened through formal vocational training, improved access to market information, and the development of viable products for wider markets. In contrast, other dominant activities, particularly the brewing of beer and spirits, can benefit little from external intervention, although the availability of credit or loans for scaling-up activities may be of assistance to some.

Whilst access to and the quality of formal education has expanded under the Government's introduction of Universal Primary Education (UPE) in 1997, the technical and vocational training system is not widespread, with less than 8,000 pupils enrolled during 1998 (Government of Uganda, 2001). Although vocational training course elements have been introduced into the curricula of several more progressive primary schools, and a number of NGOs are active in the provision of certain forms of technical training, a review of the role of technical/ vocational training within education policy would be useful.

Similarly, there may be scope to improve the viability of non-farm production for a wider market, and assist information flows to and from rural non-farm producers. The retail trade within Kumi District, for example, has historically been small-scale, individualistic, and widely dispersed (Smith and Zwick, 2001). In Rakai District, connections, networking, political influence and access to information were identified as requisite in establishing medium or large scale (by local standards) businesses (Zwick and Smith, 2001). Whilst the studies in these two districts did identify typically NGO-supported assistance to certain small-scale industries (bread baking, water storage tank construction, brick-making and agro-processing, etc.), few appeared to consider long-term viability and expansion possibilities. Furthermore, the supported initiatives were often disparate and unconnected to the government or potential private sector investors. Amongst these, locally situated agro-processing does appear to have significant potential, with NGOs such as Appropriate Technology Uganda fostering rural group development as a vehicle through which to sell equipment, provide training, improve information flows to private purchasers, and link to existing government extension programmes. However, these initiatives are constrained by the cost of purchasing equipment (prohibitive for many rural groups), unreliable rural electricity supplies, lack of piped water and low levels of existing investment (Smith and Zwick, 2001).

Aside from the clear need to improve rural infrastructure, it is important to note that there are existing mechanisms for delivering support, particularly to women, through civil and NGO organisations working through groups at the community level. Lessons from the examples of successful, often independent, men and women within the communities in Rakai and Kumi Districts (albeit few of whom have directly benefited from external assistance) should help refine external assistance to have a greater impact. It was noted that several groups established by individuals who have learnt skills and/or generated financial capital outside of the local context are effectively broadening the base of opportunity and skill development for other community members. Finding ways in which such initiatives can realise their maximum potential, thereby expanding access to relevant information and skills, could be a component of a co-ordinated and inclusive strategy to improve participation in the RNFE.

Whilst the support of group-based initiatives through a more comprehensive approach may be an appropriate intervention, it is important to recognise that gender and age relations within these structures are complex. Targeting women-only groups, for example, was noted as causing difficulties in some cases, with men infiltrating the groups having recognised the

potential financial benefits. In contrast, whilst the majority of influential individuals<sup>23</sup> are men, it was noted by NGO staff that affluent women differ from affluent men by accommodating poorer group members (Smith and Zwick, 2001). Clearly, therefore, interventions must be based on an informed understanding of how best to target support.

Whilst policy can address certain specific needs of women and men engaging in the non-farm sector it is important to note that for many, non-farm activities are viewed as a source of income to improve living standards, rather than as hermetic business ventures. Qualitative investigation in Rakai and Kumi districts revealed that different farm and non-farm income generating activities were perceived to have a role to play in an individual or household's well-being, but only at certain points in time reflecting available assets and needs. Engagement in non-farm activities, or the running of enterprises are not necessarily expected to last indefinitely. Some activities are replaced upwards to higher entry barrier activities (e.g. from mobile trading to shopkeeper), in other cases downwards, but not necessarily perceived negatively as such (e.g. a shop shut down, with the financial capital used for secondary school fees, or to pay for a new roof both of which may be viewed of greater importance to the long-term wellbeing of the household than retailing). Whilst enterprises may be sold or stripped, and activities shedded, the reasons are predominantly due to the need for cash for investment in alternative livelihood strategies, or in consumption needs- whether immediate food requirements, medical, education or otherwise. It is therefore arguable, that if these other needs are met by effective policy, i.e. through increasing production and marketing of crops, improved healthcare and education, there will be less need for shifting livelihood strategies. However, evidence from the Rakai and Kumi studies suggests that these patterns of change are not simply coping strategies (reactive), but in many cases risk avoiding, i.e. proactive and planned to avoid certain environmental, human, economic or social barriers in advance. These strategies are performed within a broader context of continued interest, investment and reliance upon agriculture as the mainstay of food security within most rural households, and thus policy focusing on non-farm activities must reflect this reality and not attempt to undermine it.

Nevertheless, increasing female engagement in the non-farm economy does appear to reflect the opening up of opportunities outside agriculture. For women, who traditionally have less access to land and property, and who currently bear the majority of the physical burden, non-

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<sup>23</sup> Those referred to earlier in the text as having skills and wealth often gained from outside of the community context.

farm options may well appear attractive. Policy development (under the auspices of the Poverty Eradication Action Plan) in support of non-farm growth has come through direct investment in public services, including physical infrastructure, education and health, and through the gradual establishment of frameworks to encourage private sector development and investment. In the latter case, it is intended that the Government will be replaced by the private sector in the provision of direct support to the likes of credit provision, agro-processing and the improvement of markets and marketing. Whilst there are encouraging signs in terms of the construction/ rehabilitation of rural infrastructure, there is less evidence to date that medium and large-scale private operators are sufficiently incentivised to invest in rural areas and that the needs of the rural poor (and women in particular) will be addressed by private investment.

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